

MINUTES FOR THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE WINNIE-STOWELL HOSPITAL DISTRICT

The meeting of the Board of Directors of the Winnie-Stowell Hospital District (“District”) was noticed and filed pursuant to the Texas Open Meetings Act a full 72 hours prior to the opening of said meeting for 6:00 p.m., April 19, 2023 at the District’s Offices located at 520 Broadway, Winnie, Texas 77665, (a copy of said Notice being placed amongst the files of the District). An electronic copy of this meeting is available upon request.

At approximately 6:02 p.m., the meeting was convened, and the roll was called off the members of the Board, to wit:

Mr. Ed Murrell	President
Mr. Anthony Stramecki	Vice-President
Robert “Bobby” Way	Treasurer
Jeff Rollo	Secretary
Kacey Vratiss	Director

All said Board members were present, except for Director Rollo, thus constituting a quorum. In addition, to the above-named Board members, also present at the meeting were:

Mrs. Sherrie Norris	District Administrator
Mrs. Patricia Ojeda	Indigent Care Director
Mr. Hubert Oxford, IV	General Counsel for the District
Mrs. MaKayla Vidal	Proposed District CPA
Ms. Kaley Smith	Coastal Gateway Health Center
Mr. Robert Jacobs	Clinical Manager for Riceland
Mr. Mo Danishmund	Chief Financial Officer, Riceland Hospital
Ms. Gloria Roemer	The Seabreeze Beacon
Mr. Jerry Shadden	Trinity Bay Conservation District (“TBCD”
Mr. Victor Carraway	TBCD
Mr. Chris Rutledge	LTC Group

4. Public Comment

President Murrell called on those present at the meeting to make any public comment. Mr. Jerry Shadden, with TBCD asked to give a report on the District's water and sewer connection for the building to be installed on the District's Highway 124 property. According to Mr. Shadden, the water line boring project under Highway 124 and the connection to the building will be complete by April 27, 2023. Regarding the sewer line, Mr. Shadden reported that TBCD was still working with the District's engineer to determine the correct size grinder pump because the line will have to run to the back of the property which is a longer distance than usual. The Board thanked Mr. Shadden for the efforts of TBCD and for taking the time to come to the meeting and give the report.

5. Review and minutes of the March 15, 2023 Regular Meeting.

President Murrell then called on the Board to return to review and approve the minutes from the March 15, 2023 Regular Meeting. The Board reviewed the minutes and had no further changes.

Consequently, Director Stramecki made a motion to approve the minutes of from the March 15, 2023 Regular Meeting. This motion was seconded by Director Vratiss, and unanimously approved by all the Board members.

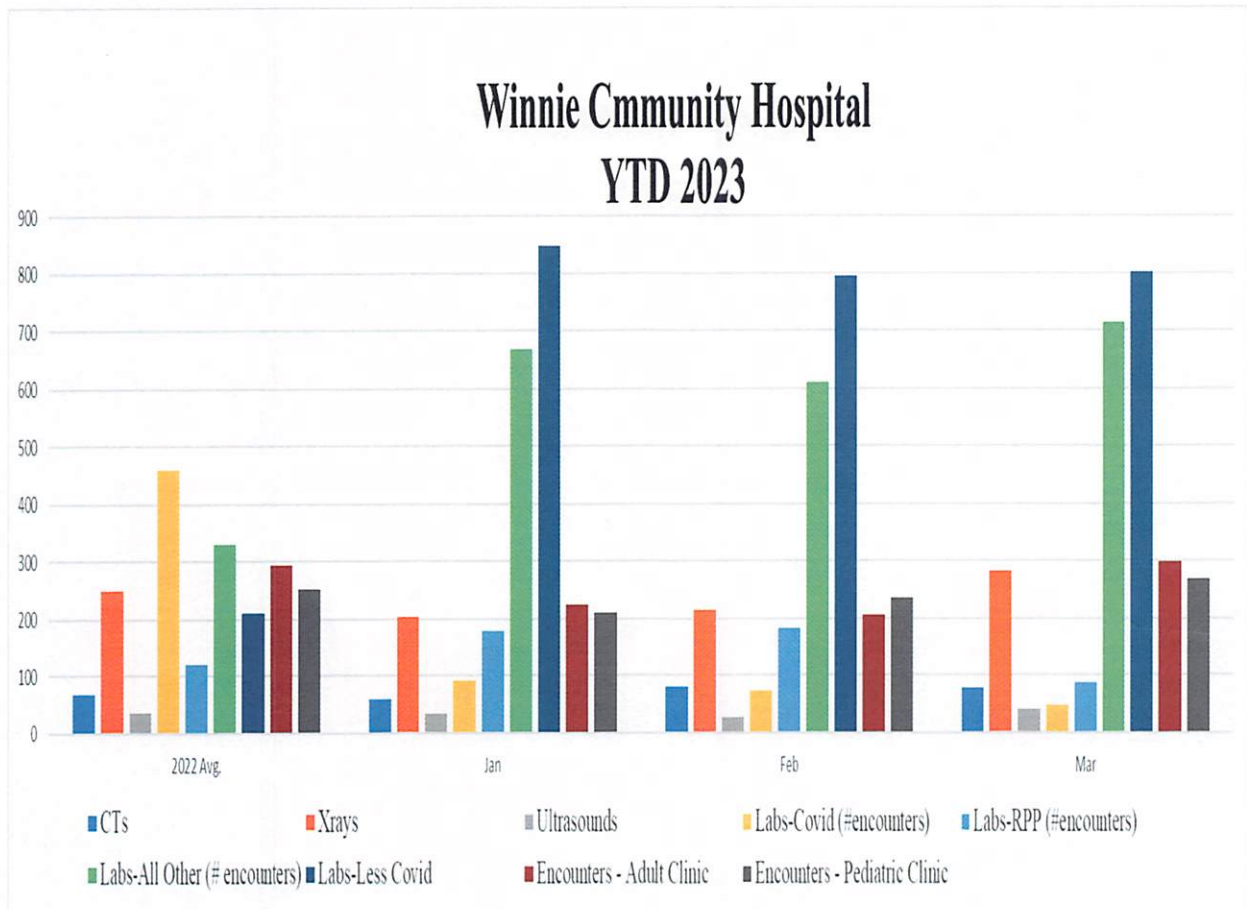
8(f). Hospital Report

President Murrell then asked the Board to move forward to Agenda Item 8(f) to accommodate the staff with the Hospital who needed to leave early because of Ramadan. Mr. Javed thanked President Murrell for the courtesy, distributed his monthly report, and then presented the following report for March 2023:

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Census	2022	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
ER Visits	229	220	207	257										228
Conversion to Inpatient/observation	20	26	26	29										27
Percentage	9%	12%	13%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%	12%
Transferred out of ER	11	10	8	13										10
Percentage	5%	5%	4%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%
ER shifts covered by doctors	4%	0%	0%	0%										0%
Number Inpatient days	154	108	130	83										107
Number Hospice days	4	5	0	5										3
Number Swingbed days	65	14	59	16										30
Number Observation days	33	48	23	46										39
Total All Inpt. Days	255	175	212	150										179
Average Inpatient days per day	8.41	5.65	7.57	4.84										6.02
CTs	67	58	80	78										72
Xrays	249	203	215	282										233
Ultrasounds	35	33	27	41										34
Labs-Covid (#encounters)	460	90	72	48										70
Labs-RPP (#encounters)	120	179	184	87										150
Labs-All Other (# encounters)	331	669	611	714										665
Encounters - Adult Clinic	294	225	205	297										242
Encounters - Pediatric Clinic	252	210	236	268										238
Behavioral Health patients	38	40	47	46										44
Physical Therapy	1	1	2	1										1

A chart of the report above is set forth below:



After the review of the monthly statistics, Mr. Danishmund presented the Hospital's report on the Winnie Stowell Emergency Medical Services ("WSEMS") for March 2023. Mr. Danishmund stated that the WSVEMS was called on to make thirteen (13) transport calls but only responded to five (5) of the calls. Of the calls missed, four (4) were not made because no paramedic was available and two (2) of the calls were not made because no truck was available.

In addition, Mr. Danishmund told the Board that the hospital had been sued in a qui tam lawsuit in which a former employee made allegations of Medicare fraud. However, he was pleased to report that the suit was recently dismissed by the federal government because of the lack of any evidence.

Lastly, Mr. Danishmund completed the Hospital Report by telling the Board that the Hospital submitted a price list to the Coastal Gateway Clinic for labs, x-rays, and CT scans but the parties had not had a chance to get together to conclude their discussions on the final price structures.

6. Review and approve financials report; payment of invoices; receive Accountant's report, and amend budget, if necessary.

Following the Hospital's report and turning to the District's financial reports, Mrs. MaKayla Vidal was asked to present the March 2023 Balance Sheet as well as the Profit & Loss Statement. (*See Exhibit "A-1" & "A-2"*). According to Mrs. Vidal, the financials were in order and no amendments needed to be made as of the meeting. However, once a decision was made on the additional nursing facilities, loan cost, and percentage changes for the Quality Improvement Payment Program ("QIPP"), the District will need to amend the budget. Moreover, Mrs. Vidal informed the Board that she had met with Attorney Oxford to review any necessary year to date changes to the final 2022 Profit & Loss Statement and she will be prepared to present these final changes to the year-end income and expenses at the May 2023 Regular Meeting.

Attorney Oxford then asked the Board to turn to the Treasurer's Report in their binders. (*See Exhibit "A-3"*). Per Attorney Oxford, the total invoices presented at the meeting amounted to \$471,823.15. Attorney Oxford then highlighted the payment for \$108,955.08 to Coastal Gateway for their previously approved grant request and the next to final payment to Ramtech in the amount of \$251,125.00 for the clinic facility. Furthermore, he did note that the LTC Invoice of \$240,000.00 was paid earlier in the month and therefore was not on the list of invoices to be paid. A complete list of the invoices to be paid is as follows:

Pending Expenses	For	Amount
Brookshire Brothers	Indigent Care	\$3,294.91
Wilcox Pharmacy	Indigent Care	\$1,773.01
UTMB at Galveston	Indigent Care	\$2,067.56
UTMB Faculty Group	Indigent Care	\$2,566.61
Thompson Outpatient Clinic	Indigent Care	\$1,384.98
Barrier Reef EM Phy	Indigent Care	\$121.20
Indigent Healthcare Solutions	IC Inv#75612	\$1,109.00
Omnipoint Health-Dental	SP Program	\$660.00
Penelope (Polly) Butler	Youth Counseling	\$170.00
Nicki Holtzman	Youth Counseling	\$595.00
Kalos Counseling (Benjamin Odom)	Youth Counseling	\$680.00
Benckenstein & Oxford	Inv #50761	\$26,401.82
Hubert Oxford	Legal Retainer	\$1,000.00
Makayla Vidal	Inv #00016	\$6,912.50
Technology Solutions of Tx	Inv #1762	\$75.00
Felipe Ojedia-Yard Service	Inv #1036	\$300.00
Graciela Chavez-Office Cleaning	Inv #965957	\$120.00
WSVEMS	Grant Inv (Mar Payroll)	\$11,904.00
Coastal Gateway	Grant Apr 2023 Request	\$108,955.08
American Education Services	S Stern-Student Loan	\$150.14
Bobby Way	Travel Reimb	\$294.75
<i>Ramtech (Check #3810 mailed 4/18)</i>	<i>Inv #8489 (Pd 4/18)</i>	\$251,125.00
Stellar Bank	LOC Interest-Auto Pay Apr 23	\$15,370.84
AEJ Construction	Inv 4158 (2nd draw) Hwy 124	\$34,791.75
Total Pending Expenses:		\$471,823.15

Next, Attorney Oxford referred the Board to the Funds Summary section of the Treasurer's report, which is set forth below.

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Funds Summary	Totals
Prosperity Operating (Unrestricted)	\$736,707.28
First Financial (Unrestricted)	\$9,368,022.92
First Financial (Restricted)	\$17,462,907.12
TexStar	\$708,743.93
Allegiance Bank LOC (Available)	\$29,152.70
Total District Funds	\$28,305,533.95
Less First Financial (Restricted)	(\$17,462,907.12)
Less TexStar Reserve Account	(\$708,743.93)
Less Committed Funds (<i>See below-Balance remaining on funds owed</i>)	(\$4,593,249.68)
Cash Position (<i>Less First Financial Restricted</i>)	\$5,540,633.22
Pending Expenses	(\$471,823.15)
Ending Balance (<i>Cash Position-Pending Expenses</i>)	\$5,068,810.07
Total Funds (<i>Ending Balance+LOC Outstanding+QIPP Funds Outstanding+CHOW Loans</i>)	\$19,975,789.40

In addition, Attorney Oxford discussed the First Financial Bank reconciliation section of the Treasurer’s report. This month staff explained to the Board that they have received all of the Component 3, 4, and lapsing fund scorecard for the 1st Quarter of Year 6-QIPP. Attorney Oxford pointed out that most of these Component payments had been received and were almost ready to be distributed.

Moreover, Attorney Oxford referred the Board to the nursing home operations loan section. He then referred the Board to the payoff for Loan 21 and said everything was in order for the loan to be repaid at the end of April and the District’s line of credit, which was used in conjunction with the loan, was ready to be paid off.

Lastly, Attorney Oxford referred the Board to the Check Register and other supporting financial information found in **Exhibit “A-4”**.

President Murrell then called for a motion to approve the financials, Treasurer’s Report, and payment of invoices. In response, Director Stramecki made a motion, which was seconded by Director Way, and with unanimous approval of the Board members to approve: a) the March 2023 financials presented by Mrs. Vidal; b) the Treasurer’s Report; c) pay the outstanding invoices; and d) approve the Check Register. (*See Exhibit “A-1”, “A-2”, “A-3” and “A-4”*).

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7. Discuss and take-action on Committee Reports: a) Finance Committee; b) Indigent Healthcare Committee; c) Personnel Committee; and d) Hospital Liaison.

President Murrell asked the Committees if there were any reports. The Indigent Care Committee noted that they had met before the meeting, but the substance of the meeting was going to be discussed when the Board gets to Agenda Item No. 12. Otherwise, since there were no other reports, President Murrell called on staff to give their reports.

8. Receive reports, by:

a. Administrator's Report

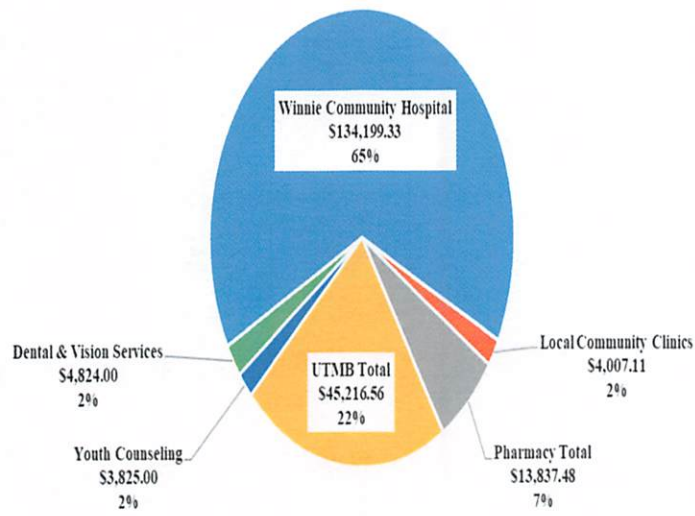
Mrs. Norris informed the Board that Christina Dickerson, who was hired last month, gave her notice that she was resigning from the District and Marcellous Williams to take a position at Chambers Health as the Meals on Wheels Coordinator and that she was going to begin a search for a new assistant who had the ability to replace herself, as Mrs. Norris was considering retiring in June or July of 2024. Given the importance of this position, Mrs. Norris planned to prepare a job description and working with the Personnel Committee to review the description and plan a path forward so that the District's Board would be involved in the process.

b. District Indigent Care Director Report

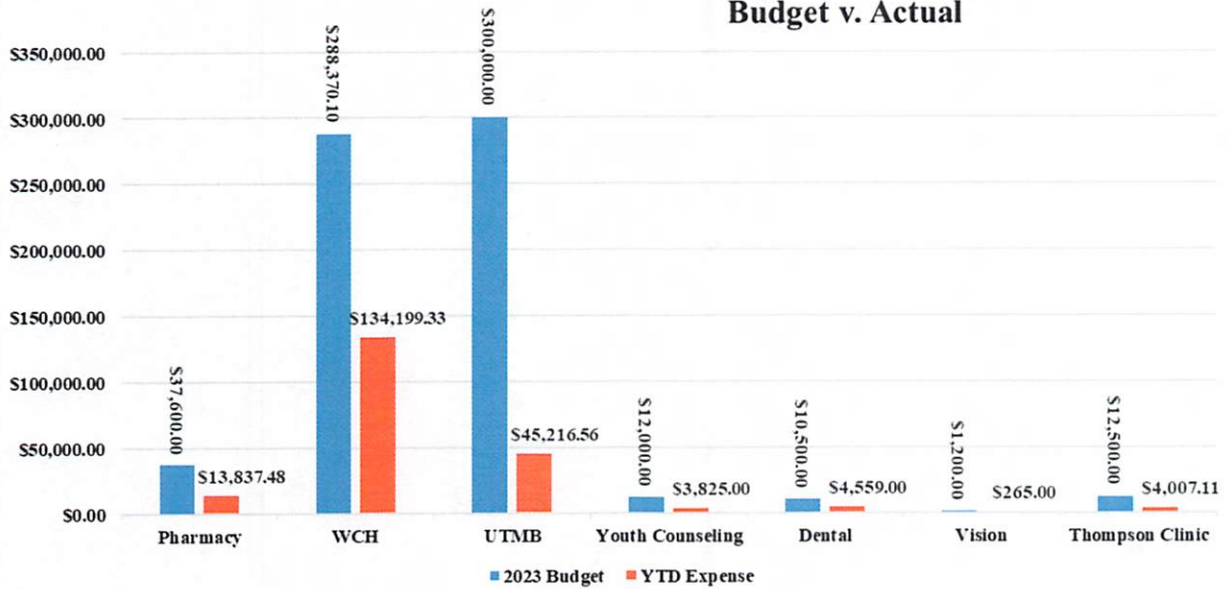
Next, Mrs. Ojeda was called on to give the Indigent Care report. Mrs. Ojeda reported that in March 2023, and this month, there were one hundred (100) indigent clients enrolled in the District's Indigent Care Program. This is an increase of eight (8) clients from the previous month. Mrs. Ojeda then told the Board that the number of children who received youth counseling in March remained at eighteen (18) children. Furthermore, in March, the District provided dental benefits to two (2) clients but did not provide any Irlen services or vision benefits. (*See Exhibit "B"*).

Mrs. Ojeda then went through a series of reports and graphs relating to indigent cost incurred year to date, indigent care budget comparisons, and Winnie Community Hospital indigent care incurred expenses. Summaries are as follows:

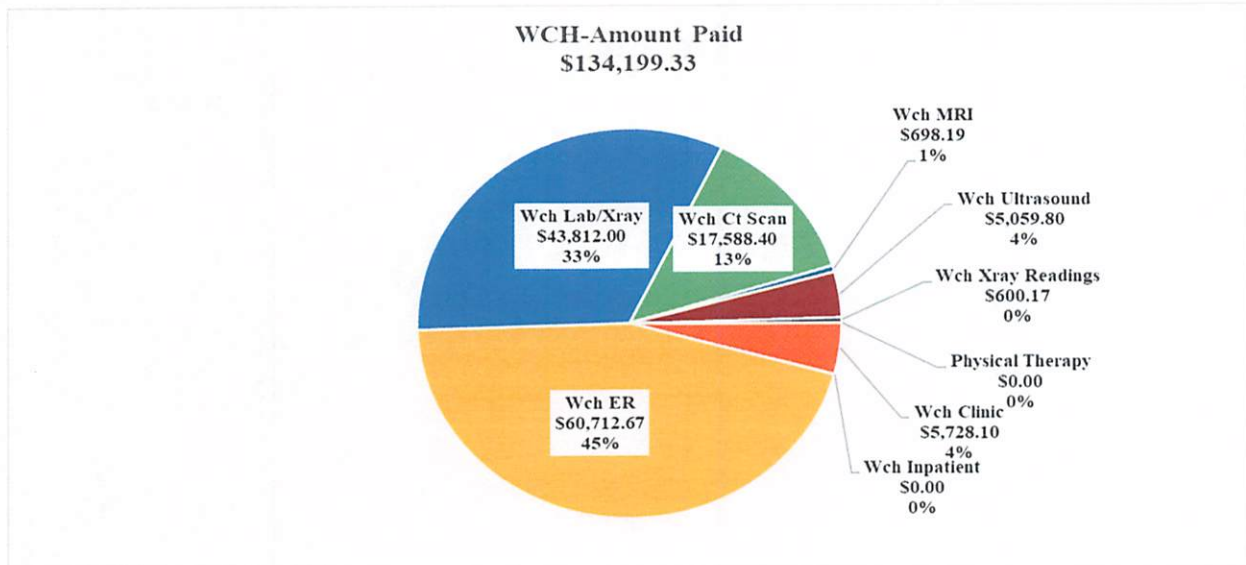
Year To Date Payments Incurred: \$205,909.48



**Indigent Care Cost:
Budget v. Actual**



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Thereafter, Mrs. Ojeda presented reports on the County Van, Marcelous Williams, and the Winnie Stowell Emergency Medical Services (“WSEMS”). A summary of activity for March 2023 is as follows:

District Program	Residents Served	District Indigent Clients
County Van	94	5
Marcelous Williams	24	2321
	Transports by WSVEMS	Transports From Riceland
WSEMS Transport Van	13	6

Lastly, regarding the WSEMS Transport Van, Mrs. Ojeda acknowledged that her figures were slightly different than the Hospital’s numbers, but she explained that her numbers were based off the report submitted by the WSEMS. Nevertheless, she also acknowledged that the March monthly report submitted by the Administrator for the Winnie Stowell Volunteer Emergency Medical Services (“WSVEMS”) was incorrect and the WSVEMS did not use the updated report prepared for the WSVEMS by the District. When the Administrator was asked to resubmit the proper report, she stated that the report submitted was sufficient. However, the report, as submitted, does not reconcile. Moreover, when asked about the progress of the District’s six (6) demands from the December 14, 2022 Regular Meeting, Mrs. Ojeda provided the following summary:

December 14, 2022 Six Month Requests:

a.	The WSVEMS will enter into an agreement with Hospital to provide transport services on an expedited basis; or provide proof that the WSVEMS has made a good faith attempt to secure an agreement.	YES	The contract was finalized the end of February or the beginning of March.
b.	The District's funds shall not be used for overtime.	NO	There was no documentation provided that the District's funds were not used for overtime.
c.	WSVESM shall implement a payment system for employees as required by the grant agreement.	NO	There was no documentation provided that the WSVESM has implemented a payment system for employees as required by the grant agreement.
d.	The WSVEMS shall operate on a fully staffed basis (i.e., three employees) separate and apart from the transport ambulance staff so as to ensure that the District's funds were being used to only pay for the transport ambulance staff as required in grant agreement.	NO	There was no documentation provided that the WSVEMS has operated on a fully staffed basis (i.e., three employees) separate and apart from the transport ambulance staff.
e.	The WSVEMS agrees to provide proof that they were billing timely for the transport ambulance because the WSVEMS's current collection rate was only twenty-one percent (21%).	NO	There was no documentation provided that the WSEMS is billing timely for the transport ambulance.
f.	The WSVEMS shall timely provide completed reports without the District's staff having to assist with preparing the reports.	NO	The District's staff did not assist in completing the WSEMS Monthly report, but the report also was not completed accurately in all areas.

For additional details of the information prepared by the Indigent Care Director, Mrs. Ojeda referred the Board to the remainder of **Exhibit "B"** and asked that the Board members please contact her with any questions once they have had a chance to review them in more detail.

c. District General Counsel Report

Attorney Oxford advised that he did not have any reports to discuss at this time.

d. Coastal Gateway Report

Turning to the Coastal Gateway report, Ms. Kaley Smith, Coastal Gateway's ("Health Center") Chief Executive Officer, presented the Coastal Gateway's ("Clinic") monthly report and informed the Board of the following:

- **Strategic Meeting:** The Clinic held a Strategic Planning Retreat on Friday, March 25, 2023 and Saturday, March 26, 2023 as required for the future Health Resources Service Administration ("HRSA") grant.
- **Staffing:** Interviews continue for Medical Assistants and Patient Service Representatives (i.e., Registration Clerks). Hiring and onboarding timing will depend on the Clinic's opening date, but the Clinic has hired Kacey White Flores, PA-C and her first day will be April 3, 2023.

- **Equipment and supplies:** Ninety percent (90%) of the Clinic’s IT equipment has been purchased, as well as most of the larger medical equipment has been ordered (or purchased) but she was holding delivery until the building is ready. In addition, the Clinic has ordered a vaccine refrigerator and freezers have been ordered.
- **Building/Property Update:**
 - Concrete slab at the Clinic location was poured on April 5, 2023.
 - The building is scheduled to be delivered and set up on April 17-18, 2023.
 - Sanitary sewer easement was completed by Fittz and Shipman and sent to TBCD on April 12, 2023.
 - TCBD contractors were onsite April 13, 2023 to begin boring under HWY 124 to middle median to access the water for the fire hydrant.
- **Payor Insurance:** The Clinic is officially in network with Medicare, Medicaid (TMHP), Humana, Blue Cross Blue Shield, and Aetna while approval with Cigna is pending. Moreover, applications have been sent to enroll in the following Medicaid managed care plans: Amerigroup, Community Health Choice, and Molina.
- **Billing:** Discussions with medical billing companies (for revenue cycle management) are underway. The Electronic Medical Record (EMR) setup is complete.
- **Audit:** The Clinic’s annual audit is underway and is being performed by Mitchell Fontenot, CPA.

Miscellaneous Items: The Clinic continues to work on arrangements with Riceland Medical Center to perform lab work for the clinic, x-rays, CT scans, and to have employment urine drug screens conducted onsite at the hospital. (See **Exhibit “C”**).

e. LTC Report

The Board was then directed to **Exhibit “D”** for a review of the LTC Report for March 2023 and asked if there were any questions. There were none. (See **Exhibit “D”**).

9. Discuss and take-action, if necessary, on approving bank collateral agreements with Stellar Bank.

Attorney Oxford advised the Board that this agenda item needed to be tabled since he has not received a new agreement. Per Attorney Oxford, he has been in contact with Steller Bank and the bank representative with whom he had been discussing this agreement has been out of town but was working on a response to the District's proposed agreement.

In response, a motion was made by Director Stramecki, to table this agenda item. Director Stramecki's motion was seconded by Director Vratis and unanimously approved by all the Board members present.

10. Discuss and take-action, if necessary, on approving grant request or amendments to Interlocal Agreements by:

a. Coastal Gateway for a van to assist in transporting patients; and

Ms. Smith, with Coastal Gateway was called on to discuss this agenda item but Ms. Smith asked that the agenda item not be addressed and removed from subsequent agendas until she was in a position to discuss. Thus, no action was taken.

b. East Chambers Independent School District for additional healthcare funding assistance.

President Murrell asked staff and Attorney Oxford to present the amendments to the Interlocal Agreement with the East Chambers Independent School District ("ECISD") to increase their annual funding per the grant request to assist with the payment for nurses. According to the ECISD, they lost a ten (10) month grant from the Education Service Center-Region 5 to provide a full time LVN Nurse at our secondary campuses. This grant expired on March 31, 2023. The request was to increase the District's assistance to the ECIESD to fund a continuation of this position for the remainder of the 2022-2023 school year and also for the 2023-2024 school year. Specifically, the ECISD requested the District's support in the amount of \$18,719.00 for April 2023 -August 2023 and \$44,924.00 for the ECISD 2023-2024 fiscal year that starts in September 2023.

Attorney Oxford then presented the Board with an amendment to the existing Interlocal Agreement that provides for this additional support. (*See Exhibit "E"*). According to Attorney Oxford, the District currently pays the ECISD \$220,000.00 per District year, or \$18,333.33 per month. If this request was approved, the District

will need to increase its payment by \$3,743.80 per month totaling \$22,077.13, which will result in a budget increase for 2023 of \$33,694.20. Moreover, Attorney Oxford explained that since the two district's fiscal years were not aligned, he drafted the termination provisions so that it would be renewed annually if the District's Board approved the budget line item in December of each year. If the District's Board did not approve the budget line item for the ECISD, then this agreement would terminate eight (8) months later on August 31st.

After receiving an explanation of the Agreement, a motion was made by Director Stramecki, to approve the amended Interlocal Agreement set forth in **Exhibit E**. This motion was seconded by Director Way and unanimously approved by all the Board members present except Director Vratis who abstained from voting.

11. Discuss and take-action, if necessary, on indigent care health treatment agreements:

a. Provider agreements with Coastal Gateway;

Mrs. Ojeda and Ms. Smith, with Coastal Gateway presented a draft of the Provider Agreement between Coastal Gateway and the District for indigent care services. (*See Exhibit "F"*). According to the two, the agreement calls for a flat rate of \$85.00 per visit. According to Mrs. Ojeda, who was asked to explain the \$85.00 per visit. Per Ms. Ojeda, since our clients will not pay a copay, she, and Ms. Smith agreed to recommend that the payment would be based on the copay amount for the sliding scale for someone at >150% of federal poverty level that was \$45.00 plus the balance of the cost of the visit of \$40.00, totaling \$85.00 per visit. In comparison, the District pays \$112.22 to the Hospital for a visit and the reimbursement rates for the Bayside Clinic, per the Texas Health and Human Services Department could be as high as \$140.27 per visit.

After a review of the Agreement, Attorney Oxford asked that the Board approve the agreement subject his final review. The Board agreed and thereafter, a motion was made by Director Stramecki to enter into the Indigent Care agreement with Coastal Gateway. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

b. Provider agreement with Winnie Family Dental; and

Mrs. Ojeda announced that she had negotiated an agreement with Winnie Family Dental to provide dental services to the District's indigent clients per the prior authorization of the Board to enter into provider agreements with ancillary service providers. According to Mrs. Ojeda, the agreement is similar to the existing agreement with Chamber Health except that the cost for non-preventative services such as fillings, extractions, deep cleans, crowns, bridges, etc. are ten percent (10%) higher. The agreement was currently with Winnie Family Dental awaiting their signature.

Since Mrs. Ojeda was previously authorized to enter into his agreement, no action was taken.

12. Discuss and take-action, if necessary, on receiving proposals from contractors to assist with the installation of the new facility on Highway 124 (i.e., foundation, electricity, plumbing, and concrete) and consider request for foundation change orders for the facility.

President Murrell told the Board that progress was moving along at the site of the new clinic but at this time he had no change order to present and therefore, asked that this agenda item be tabled.

Once again, a motion was made by Director Stramecki, to table this agenda item. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

13. Discuss and take-action, if necessary, on the following nursing home matters:

- a. Authorize the District's Administrator to execute routine nursing home agreements, including but not limited to agreements with insurers, veterans' affairs, and Centers for Medicare and Medicaid Services.**

Attorney Oxford advised that the District was frequently asked to execute routine nursing home agreements with insurance companies or state and federal agencies, which are often very routine and do not have any financial impact on the District. Historically, Mrs. Norris prepares the agreements for execution by the Board President which often results in multiple rounds of executions on a weekly basis. Therefore, the purpose of this agenda item was to authorize Mrs. Norris to have authority to sign these routine nursing facility contracts that Attorney Oxford has reviewed and deemed appropriate for her signature or whether the Board President needs to sign the agreements.

After receiving an explanation of the request, the Board concurred and a motion was made by Director Stramecki, to authorize the District's Administrator to execute routine nursing home agreements subject to Attorney Oxford's approval and notice given to the Board President. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

b. Authorize the immediate termination of the Management Agreement and Sublease Agreement with the Spring Branch Transitional Care Center and to approve an Operations Transfer Agreement, Termination of Sublease Agreement, and Termination of Management Agreement with Liberty County Hospital District No. 1 for this facility.

Attorney Oxford explained that Caring Healthcare, the Manager of the Spring Branch facility filed a Change of Ownership ("CHOW") to the Liberty County Hospital District No. 1 with the Texas Health and Human Services Commission effective June 1, 2023. Therefore, the District needed to give authority to the Board President to execute an Operations Transfer Agreement; Termination of Sublease Agreement; and Termination of Management Agreement to facilitate the transfer. Attorney Oxford explained that he had been negotiating the agreements with Liberty's counsel to ensure that: (1) the District would receive all of this facility's QIPP Funds QIPP Year 6 payments, through June 1, 2023 and earlier payments from previous QIPP years; and (2) Liberty would reimburse the District on a monthly basis for all expenses associated with the nursing facility QIPP Year 6 Intergovernmental Transfer ("IGT"). In addition, Attorney Oxford asked the Board

to authorize the immediate termination of the existing Management Agreement with Spring Branch so that the District and Spring Branch could avoid the notice period in the Agreement.

Upon the conclusion of the discussion of the transfer, and upon the recommendation of Staff, a motion was made by Director Stramecki, to authorize the Board president to execute the Operations Transfer Agreement; Termination of Sublease Agreement; and Termination of Management Agreement for Spring Branch once they were finally approved by the District's counsel; and to waive the termination notice period in the existing Management Agreement for this facility. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

c. Authorize Resolution to change the name of the Oak Manor Nursing Facility accounts at Stellar Bank to Flatonia Healthcare Center.

Attorney Oxford reminded the Board that during its March 15, 2023 Regular Meeting, the Board determined that it was in the best interest of the District to authorize the change of ownership and management in the form of an Amended Management Agreement for the Oak Manor Nursing Facility ("Oak Manor") previously managed by Senior Living Properties to Nexion Health ("Nexion"). In addition, at the prior meeting, the District's Board approved a Resolution be signed that terminated the Oak Manor accounts at Stellar Bank and to open new accounts at Stellar Bank under the name Flatonia Healthcare Center. However, after the meeting, staff were advised that Nexion preferred to leave the existing accounts ending in 8675 and 8584 in place but to change the name of these accounts at Stellar Bank from Oak Manor to Flatonia Healthcare Center. Therefore, the proposed resolution rescinds the prior Board approved Resolution and then simply changes the name on the two accounts from Oak Manor to Flatonia Healthcare Center. (*See Exhibit "G"*).

Thereafter, a motion was made by Director Stramecki, to approve the resolution set forth in **Exhibit "G"** to rescind the resolution involving Oak Manor that was approved during the March 15, 2023 Regular Meeting and to change the name of the District's accounts at Stellar Bank ending in 8675 and 8584 from Oak

Manor Nursing Facility to Flatonia Healthcare Center. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

d. To rescind Board action from the March 15, 2023 Regular Meeting to:

- (i) Consider closing the certificate of deposit at Allegiance Bank and then open a certificate of deposit at Prosperity Bank; and**
- (ii) Discuss upcoming Loan 24 for nursing home operations in May 2023.**

Attorney Oxford was once again called on to discuss this matter. According to Attorney Oxford, the District was not going to be able to work with Prosperity Bank to secure nursing home operations loans and therefore, needed to rescind the Board's decision and resolutions passed at the prior meeting to close the District's Certificate of Deposit and line of credit at Stellar Bank and to open a new Certificate of Deposits and a line of credit at Prosperity Bank. Attorney Oxford explained that Prosperity was willing to work with the District but had previously entered into an agreement with Salt Creek Capital that called into question the ability of Prosperity Bank to work with the District. Therefore, the District could not risk any interference with District's relationship with Prosperity and could not work with Prosperity until their agreement with Salt Creek Capital expired.

Regarding Loan 24, Attorney Oxford stated that a discussion on this loan would be held during the discussion of Agenda Items 13(e) and (f).

Upon receiving an explanation of the issues, a motion was made by Director Stramecki, to rescind the resolution approved at the March 15, 2023 Regular Meeting to terminate the Stellar Bank certificate of deposit and line of credit and to reopen a new certificate of deposit and line of credit at Prosperity Bank. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

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e. Authorize the closure of the Stellar Bank Certificate of Deposit and the Line of Credit and authorize the opening of a certificate of deposit and line of credit at First Financial Bank.

After rescinding the Resolution to transfer the District's funds that were in a certificate of deposit and a corresponding line of credit at Stellar Bank to Prosperity Bank, Attorney Oxford advised that LTC Group was able to secure financing for nursing home operations including IGTs and buy-out loans from First Financial Bank, the District's current bank that receives the District's QIPP funds starting in June 2023. Attorney Oxford also informed the Board that First Financial was also subject to a non-compete with Salt Creek Capital but First Financial was working on an agreement with Salt Creek to terminate the agreement. Attorney Oxford then asked for approval of the resolutions set forth in **Exhibit "H"** to terminate the certificate of deposit and line of credit at Stellar Bank and to open a certificate of deposit in the amount of \$8,200,000.00, consisting of the \$7,000,000.00 held at Stellar Bank in the certificate of deposit and an additional \$1,200,000.00 in District funds, along with a line of credit for \$8,200,000.00 at First Financial Bank.

Subsequently, a motion was made by Director Stramecki, to approve the resolutions set forth in **Exhibit "H"** to terminate the certificate of deposit and line of credit at Stellar Bank and to open a certificate of deposit in the amount of \$8,200,000.00, consisting of the \$7,000,000.00 held at Stellar Bank in the certificate of deposit and an additional \$1,200,000.00 in District funds, at First Financial Bank as well as a corresponding line of credit. This motion was seconded by Director Vratil and unanimously approved by all the Board members present.

f. Approve QIPP Year 7-1st Half Intergovernmental Transfer financing.

Attorney Oxford then provided the anticipated nursing home operations loan needs for June 1, 2023 and requested that the Board approve these loans that will be made through First Financial Bank. He then explained that this was a two-part process in that the existing Loan 22 with Salt Creek Capital needed to be bought out with a loan from First Financial Bank to release the District's Government Deposit Account and Government Receivables Account at First Financial Bank from Deposit Account Instructions and Service Agreement ("DAISA") and Deposit Account

Control Agreements (“DACA”). The estimated buy out for this loan is anticipated to be \$11,694,493.48 and would be repaid by the end of October 2023. In addition, the District will need a second loan for nursing home operations, including the IGT for the first half of QIPP Year 7, and this loan is expected to be \$14,298,549.60. In the meantime, Attorney Oxford advised the Board that he was working with the lawyers for the Bank on the proposed loan documents and resolutions which should be finalized by the May 2023 Regular Meeting. Attorney Oxford also informed the Board that when the District makes an IGT for the first half of QIPP Year 7, the District’s IGT will not include Spring Branch and will not include the four (4) new HMG facilities or the seven (7) new Caring Healthcare facilities.

At the conclusion of the discussion, a motion was made by Director Stramecki, to approve the nursing home operations loans for up to: 1) \$12,000,000 to buy-out of the Salt Creek Loan 22; and 2) a second loan up to \$15,000,000.00 to assist with the IGT for the first half of QIPP Year 7. This motion was seconded by Director Vratis and unanimously approved by all the Board members present.

g. Authorize the execution of amendments to the District’s Management Agreements with its nursing facility managers to change the definition of Net Supplemental Payment.

Attorney Oxford requested that no action be taken on this agenda item and that it be tabled because it is not ripe.

The Board agreed with Attorney Oxford’s recommendation and a motion was then made by Director Stramecki, to table this agenda item. Director Stramecki’s motion was seconded by Director Vratis and unanimously approved by all the Board members present.

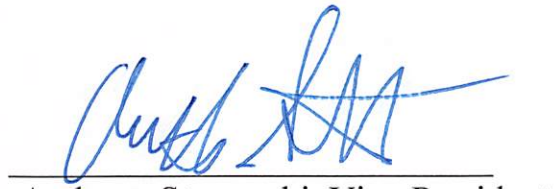
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h. Authorize the execution Operations Transfer Agreements; Termination of Sublease Agreements; Termination of Management Agreements; and new Management Agreements.

Attorney Oxford advised that no action needed to be taken on this agenda because it was unintentionally included on the agenda and needed to be removed from subsequent agendas.

Upon the conclusion of the discussion of the agenda items, President Murrell then called for any other such matters before the Board. There being none, the Board then confirmed the date for the next Regular Meeting on May 17, 2023. A motion was made by Director Stramecki at 8:34 p.m., to adjourn the meeting. This motion was seconded by Director Vratil and unanimously approved by all the Board members present.


Edward Murrell, President


Anthony Stramecki, Vice-President